



July 2003

California News

Sign-up Continues for the Crop Disaster Program

Sign-up for the Crop Disaster Program started June 6 and continues. Qualifying producers have a choice of receiving payments for crop losses due to weather for either the 2001 crop year or the 2002 crop year, but not both. Producers must choose the same year for all crops for all farms in the county.

Payment Limitation Review

Most programs require a "person" determination and an "actively engaged in farming" determination. For an individual or entity to be considered a separate "person," the individual or entity must have a separate and distinct interest in the land or crop involved, exercise separate responsibility for this interest, and maintain funds and accounts separate from that of any other individual or entity for this interest.

In general, to be considered "actively engaged in farming" a significant amount of (one, or a combination of) capital, land or equipment must be contributed to the farming operation by the individual or entity. The individual or entity must also contribute a significant amount of one, or a combination of, active personal labor or active personal management. Claimed shares must be commensurate with the contribution to the farming operation and the contribution must be at risk. Producers should provide adequate supporting documentation for their contribution of capital, land or equipment. Program benefits subject to payment limitation can only be made once all required forms are provided and the necessary payment limitation and

payment eligibility determinations are made.

If a new or updated farm operating plan (CCC-502) and Payment Eligibility Average Adjusted Gross Income Certification (CCC-526) are filed for 2003 or a later year, they do not have to be re-filed or updated unless there is a change in the farming operation that would affect a determination. Changes that may affect a determination include, but are not limited the following:

- Change of contract share, which may reflect change of land lease from cash to share rent or vice versa (cash rent tenant rule may apply)
- Change in the size of the farming operation by the addition or deletion of a farm that may affect the application of a cropland factor
- Change in the structure of the farming operation, including any changes in the members' shares
- Change in contribution of farm inputs of capital, equipment, active personal labor or active personal management
- Acquisition of farming interests not previously disclosed on CCC-502 or update, including the farming interest of a spouse or minor child
- Increase in income that may affect the 3 year average for the determination of average adjusted gross income or other changes that affect eligibility under the average adjusted income limitation.

DCP Sign-Up Continues

If you didn't sign up for the Direct and Counter-Cyclical Program (DCP), you still have time. September 30 is the final date

to apply for the 2003 program, however it will cost you \$100 per farm.

Lamb Meat Program

Year-4 of the Lamb Meat Adjustment Assistance Program (LMAAP) ends July 31, 2003. Payments are available for feeder, slaughter and ewe lambs. You must apply for the program before August 15, 2003.

Slaughter lambs must be owned by the operation for 30 business days prior to marketing and the lamb carcasses must be equivalent to:

- USDA Yield Grade 2 or better;
- USDA Choice or Prime Quality;
- Muscling confirmation score of Average Choice or better;
- 55-75 pound dressed hot carcass weight.

An AMS agent or their assigned representative must certify that carcasses meet the eligibility criteria. Slaughter lambs cannot be self-certified by the producer.

Feeder lambs must be thick-muscled and large framed as determined by AMS. Lambs must be owned by the operation from birth to marketing. An AMS agent or an assigned AMS rep must certify to the condition of qualifying feeder lambs or the feeder lambs can be self-certified by the producer.

Ewe lambs are female lambs no more than 18 months of age that have not produced an offspring. They are eligible for payment if they are:

- Purchased or retained between 8/1/02 and 7/31/03;
- Retained for one complete lambing cycle;
- Not older than 18 months of age;
- Not infected with: parrot mouth, foot rot or scrapie;
- Identified with a APHIS scrapie program if being moved interstate;
- Ewe lambs that were paid on in Year-3 are not eligible for a duplicate

- payment in Year-4;
- Conservation Compliance is required.

Payments may be factored.

Offsetting payments made by FSA

The Farm Security and Rural Investment Act of 2002 does not exempt any program payments from being credited toward any FSA delinquent debt owed by the producer. Please call us for more information if you have a concern or feel this may apply to you.

Grassland Reserve Program Sign-up

A new USDA program called the Grasslands Reserve Program started sign up on June 30. The goal is to help conserve grasslands through easements and long-term agreements.

The enrollment options are: permanent easements, 30-year easements, rental agreements (10, 15, 20 or 30-year duration) and restoration agreements.

For permanent easements, FSA makes a payment based on the fair market value of the property less the grazing value. For 30-year easements, FSA pays 30 percent of what would be paid for a permanent easement. For rental agreements, FSA pays 75 percent of the grazing value in annual payments for the length of the agreement. And for restoration agreements, FSA pays up to 90 percent of the restoration costs on grassland and shrubland that has never been cultivated and not more than 75 percent on restored grassland and shrubland (land that once was cultivated)."

This year \$49.9 million are available to implement GRP.

Applications for participation will be accepted on a continuous basis. Once funding has been exhausted, eligible applicants will remain on file until

additional funding becomes available. The Natural Resources Conservation Service, Farm Service Agency and Forest Service are coordinating implementation of GRP.

To participate, offers must include at least 40 contiguous acres. Additional eligibility criteria are described in the "Notice of Availability of Program Funds for the Grassland Reserve Program" that was published in the Federal Register on June 13, 2003, and is available on the NRCS Web site listed below. This notice applies only to fiscal year 2003 funds and will be used for the initial sign-up.

For more information about GRP, call the Service Center or read online at www.nrcs.usda.gov/programs/farmbill/2002.

MILC Program Update

Farmers relocating their dairy operation to another county or state need to notify our office before the move so that we can transfer your records to the new office. This will help prevent a delay in MILC payments.

If you are moving, provide us *in writing* with the approximate date your relocation will take place and the new county or state to which you will be moving.

Also, sometimes a dairy farm may change its organizational structure. This could result in a change to your farm's taxpayer identification number. Contact the office immediately if your farm's taxpayer I.D. number changes.

New Dairy Operation?

New dairy farms must be in the business of producing milk for at least one month before signing up for the MILC Program. You will also need one full month's worth of production evidence to sign up.

MILC RATES

June - \$1.7775

July - \$1.764

Noninsured Crop Disaster Assistance Program Losses

Producers must file a NAP Notice of Loss within 15 days of a disaster condition or within 15 days of damage to the crop becoming apparent.

Selected Interest Rates	
Farm Operating Loan -- Direct	3.25%
Farm Ownership Loan - Direct	5.375%
90-day Treasury Bill	1.125%
Emergency Loans	3.75%

Dates to Remember	
July 31	Year 4 of the Lamb Meat Adjustment Assistance Program ends. Apply before Aug. 15, 2003.
Sept. 1	Labor Day – Offices closed
Sept. 30	Final date to sign up for 2003 DCP with the \$100 late fee
Continues	Farm Storage Facility Loans
Continues	Grasslands Reserve Program
Continues	MILC Program

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, D.C., 20250-9410, or call 202-720-5964 (voice or TDD).

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